

SHB 1560 - S COMM AMD

By Committee on Health & Long-Term Care

ADOPTED AND ENGROSSED 4/9/11

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 70.47A.020 and 2008 c 143 s 1 are each amended to  
4 read as follows:

5 The definitions in this section apply throughout this chapter  
6 unless the context clearly requires otherwise.

7 (1) "Administrator" means the administrator of the Washington state  
8 health care authority, established under chapter 41.05 RCW.

9 (2) "Board" means the health insurance partnership board  
10 established in RCW 70.47A.100.

11 (3) "Eligible partnership participant" means a partnership  
12 participant who:

13 (a) Is a resident of the state of Washington; and

14 (b) Has family income that does not exceed two hundred percent of  
15 the federal poverty level, as determined annually by the federal  
16 department of health and human services.

17 (4) "Health benefit plan" has the same meaning as defined in RCW  
18 48.43.005.

19 (5) "Participating small employer" means a small employer that has  
20 entered into an agreement with the partnership to purchase health  
21 benefits through the partnership. To participate in the partnership,  
22 an employer must attest to the fact that (a) the employer does not  
23 currently offer health insurance to its employees and has not offered  
24 insurance for at least six months, and (b) at least fifty percent of  
25 the employer's employees are low-wage workers.

26 (6) "Partnership" means the health insurance partnership  
27 established in RCW 70.47A.030.

28 (7) "Partnership participant" means a participating small employer  
29 and employees of a participating small employer, and, except to the

1 extent provided otherwise in RCW 70.47A.110(1)(e), a former employee of  
2 a participating small employer who chooses to continue receiving  
3 coverage through the partnership following separation from employment.

4 (8) "Small employer" has the same meaning as defined in RCW  
5 48.43.005.

6 (9) "Subsidy" or "premium subsidy" means payment or reimbursement  
7 to an eligible partnership participant toward the purchase of a health  
8 benefit plan, and may include a net billing arrangement with insurance  
9 carriers or a prospective or retrospective payment for health benefit  
10 plan premiums.

11 **Sec. 2.** RCW 70.47A.030 and 2009 c 257 s 1 are each amended to read  
12 as follows:

13 (1) To the extent funding is appropriated in the operating budget  
14 for this purpose or obtained through federal resources, the health  
15 insurance partnership is established. The administrator shall be  
16 responsible for the implementation and operation of the health  
17 insurance partnership, directly or by contract. The administrator  
18 shall offer premium subsidies to eligible partnership participants  
19 under RCW 70.47A.040.

20 (2) Consistent with policies adopted by the board under RCW  
21 70.47A.110, the administrator shall, directly or by contract:

22 (a) Establish and administer procedures for enrolling small  
23 employers in the partnership, including publicizing the existence of  
24 the partnership and disseminating information on enrollment, and  
25 establishing rules related to minimum participation of employees in  
26 small groups purchasing health insurance through the partnership.  
27 Opportunities to publicize the program for outreach and education of  
28 small employers on the value of insurance shall explore the use of  
29 online employer guides(~~(. As a condition of participating in the~~  
30 ~~partnership, a small employer must agree to establish a cafeteria plan~~  
31 ~~under section 125 of the federal internal revenue code that will enable~~  
32 ~~employees to use pretax dollars to pay their share of their health~~  
33 ~~benefit plan premium. The partnership shall provide technical~~  
34 ~~assistance to small employers for this purpose));~~

35 (b) Establish and administer procedures for health benefit plan  
36 enrollment by employees of small employers during open enrollment  
37 periods and outside of open enrollment periods upon the occurrence of

1 any qualifying event specified in the federal health insurance  
2 portability and accountability act of 1996 or applicable state law.  
3 Except to the extent authorized in RCW 70.47A.110(1)(e), neither the  
4 employer nor the partnership shall limit an employee's choice of  
5 coverage from among the health benefit plans offered through the  
6 partnership;

7 (c) Establish and manage a system of collecting and transmitting to  
8 the applicable carriers all premium payments or contributions made by  
9 or on behalf of partnership participants, including employer  
10 contributions, automatic payroll deductions for partnership  
11 participants, premium subsidy payments, and contributions from  
12 philanthropies;

13 (d) Establish and manage a system for determining eligibility for  
14 and making premium subsidy payments under chapter 259, Laws of 2007;

15 (e) Establish a mechanism to apply a surcharge to each health  
16 benefit plan purchased through the partnership, which shall be used  
17 only to pay for administrative and operational expenses of the  
18 partnership. The surcharge must be applied uniformly to all health  
19 benefit plans purchased through the partnership. Any surcharge amount  
20 may be added to the premium, but shall not be considered part of the  
21 small group community rate, and shall be applied only to the coverage  
22 purchased through the partnership. Surcharges may not be used to pay  
23 any premium assistance payments under this chapter. The surcharge  
24 shall reflect administrative and operational expenses remaining after  
25 any appropriation provided by the legislature or resources received  
26 from the federal government to support administrative or operational  
27 expenses of the partnership during the year the surcharge is assessed;

28 (f) Design a schedule of premium subsidies that is based upon gross  
29 family income, giving appropriate consideration to family size and the  
30 ages of all family members based on a benchmark health benefit plan  
31 designated by the board. The amount of an eligible partnership  
32 participant's premium subsidy shall be determined by applying a sliding  
33 scale subsidy schedule with the percentage of premium similar to that  
34 developed for subsidized basic health plan enrollees under RCW  
35 70.47.060. The subsidy shall be applied to the employee's premium  
36 obligation for his or her health benefit plan, so that employees  
37 benefit financially from any employer contribution to the cost of their  
38 coverage through the partnership.

1 (3) The administrator may enter into interdepartmental agreements  
2 with the office of the insurance commissioner, the department of social  
3 and health services, and any other state agencies necessary to  
4 implement this chapter.

5 **Sec. 3.** RCW 70.47A.050 and 2007 c 260 s 12 are each amended to  
6 read as follows:

7 Enrollment in the health insurance partnership is not an  
8 entitlement and shall not result in expenditures that exceed the amount  
9 that has been appropriated for the program in the operating budget or  
10 resources received from the federal government. If it appears that  
11 continued enrollment will result in expenditures exceeding the  
12 appropriated level for a particular fiscal year, the administrator may  
13 freeze new enrollment in the program and establish a waiting list of  
14 eligible employees who shall receive subsidies only when sufficient  
15 funds are available.

16 **Sec. 4.** RCW 70.47A.110 and 2008 c 143 s 5 are each amended to read  
17 as follows:

18 (1) The health insurance partnership board shall:

19 (a) Develop policies for enrollment of small employers in the  
20 partnership, including minimum participation rules for small employer  
21 groups. The small employer shall determine the criteria for  
22 eligibility and enrollment in his or her plan and the terms and amounts  
23 of the employer's contributions to that plan, consistent with any  
24 minimum employer premium contribution level established by the board  
25 under (d) of this subsection;

26 (b) Designate health benefit plans that are currently offered in  
27 the small group market that will be offered to participating small  
28 employers through the health insurance partnership and those plans that  
29 will qualify for premium subsidy payments. Up to five health benefit  
30 plans shall be chosen, with multiple deductible and point-of-service  
31 cost-sharing options. The health benefit plans shall range from  
32 catastrophic to comprehensive coverage, and one health benefit plan  
33 shall be a high deductible health plan accompanied by a health savings  
34 account. Every effort shall be made to include health benefit plans  
35 that include components to maximize the quality of care provided and

1 result in improved health outcomes, such as preventive care, wellness  
2 incentives, chronic care management services, and provider network  
3 development and payment policies related to quality of care;

4 (c) Approve a mid-range benefit plan from those selected to be used  
5 as a benchmark plan for calculating premium subsidies;

6 (d) Determine whether there should be a minimum employer premium  
7 contribution on behalf of employees, and if so, how much;

8 (e) Develop policies related to partnership participant enrollment  
9 in health benefit plans. The board may focus its initial efforts on  
10 access to coverage and affordability of coverage for participating  
11 small employers and their employees. To the extent necessary for  
12 successful implementation of the partnership, (~~during a start-up phase~~  
13 ~~of partnership operation,~~) the board may:

14 (i) Limit partnership participant health benefit plan choice; and

15 (ii) Offer former employees of participating small employers the  
16 opportunity to continue coverage after separation from employment to  
17 the extent that a former employee is eligible for continuation coverage  
18 under 29 U.S.C. Sec. 1161 et seq.

19 (~~The start-up phase may not exceed two years from the date the~~  
20 ~~partnership begins to offer coverage~~);

21 (f) Determine appropriate health benefit plan rating methodologies.  
22 The methodologies shall be based on the small group adjusted community  
23 rate as defined in Title 48 RCW. The board shall evaluate the impact  
24 of applying the small group adjusted community rating methodology to  
25 health benefit plans purchased through the partnership on the principle  
26 of allowing each partnership participant to choose his or her health  
27 benefit plan, and may implement one or more risk adjustment or  
28 reinsurance mechanisms to reduce uncertainty for carriers and provide  
29 for efficient risk management of high-cost enrollees;

30 (g) Determine whether the partnership should be designated as the  
31 administrator of a participating small employer health benefit plan and  
32 undertake the obligations required of a plan administrator under  
33 federal law in order to minimize administrative burdens on  
34 participating small employers;

35 (h) Conduct analyses and provide recommendations as requested by  
36 the legislature and the governor, with the assistance of staff from the  
37 health care authority and the office of the insurance commissioner.

1 (2) The board may authorize one or more limited health care service  
2 plans for dental care services to be offered by limited health care  
3 service contractors under RCW 48.44.035. However, such plan shall not  
4 qualify for subsidy payments.

5 (3) In fulfilling the requirements of this section, the board shall  
6 consult with small employers, the office of the insurance commissioner,  
7 members in good standing of the American academy of actuaries, health  
8 carriers, agents and brokers, and employees of small business."

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**ADOPTED 4/9/11**

9 On page 1, line 1 of the title, after "partnership;" strike the  
10 remainder of the title and insert "and amending RCW 70.47A.020,  
11 70.47A.030, 70.47A.050, and 70.47A.110."

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